



DEPARTMENT OF COMMERCE
Foreign-Trade Zones Board
(B-58-2013)

Foreign-Trade Zone 83 – Huntsville, Alabama
Application for Production Authority
Toray Carbon Fibers America, Inc.
(Polyacrylonitrile Fiber/Carbon Fiber Production)
Decatur, Alabama

An application has been submitted to the Foreign-Trade Zones Board by the Huntsville-Madison County Airport Authority, grantee of FTZ 83, requesting production authority on behalf of Toray Carbon Fibers America, Inc. (Toray), located in Decatur, Alabama. The application conforming to the requirements of the regulations of the FTZ Board (15 CFR 400.22) was received on May 30, 2013.

The Toray facility (233 employees) is located at 2030 Alabama 20, Decatur, Alabama. A separate application for subzone status at the Toray facility is planned and will be processed under Section 400.31 of the FTZ Board's regulations. The facility is used for the production of polyacrylonitrile (PAN)-based carbon fiber, and PAN fiber, the primary material input for the company's carbon fiber. The facility will produce carbon fiber from both its own domestically-produced PAN and from foreign-sourced PAN.

Production under FTZ procedures could exempt Toray from customs duty payments on the foreign materials used in export production. The company anticipates that some 15 to 20 percent of the plant's carbon fiber shipments will be exported, and some 5 to 10 percent of its PAN fiber production will be exported. On its domestic sales, Toray would be able to choose the duty rates during customs entry procedures that apply to its finished carbon fiber (duty free) for the foreign inputs noted below. (The PAN fiber produced at the plant has higher duty rates than any of its foreign-sourced components.) Toray would also be exempt from duty payments on any foreign-origin materials that become scrap or waste during production. Customs duties also could possibly be deferred or reduced on foreign status production equipment.

Components and materials sourced from abroad (representing 70-75% of the value of the finished carbon fiber made from foreign-sourced PAN, and less than 1% of the value of carbon fiber made from domestically-produced PAN) include PAN fiber (duty rates, 7.5% -- 24,000 tow and 8% -- 12,000 tow), and sizing agents, spinning oils, solvents and spools/bobbins (duty rates range from 3.7 – 6.5%).

The request indicates that the savings from FTZ procedures would help improve the plant's international competitiveness.

In accordance with the FTZ Board's regulations, Diane Finver of the FTZ Staff is designated examiner to evaluate and analyze the facts and information presented in the application and case record and to report findings and recommendations to the Board.

Public comment is invited from interested parties. Submissions shall be addressed to the FTZ Board's Executive Secretary at the address below. The closing period for their receipt is ***[insert date 60 days from date of publication]***. Rebuttal comments in response to material submitted during the foregoing period may be submitted during the subsequent 15-day period to ***[insert date 75 days from date of publication]***.

A copy of the application will be available for public inspection at the Office of the Executive Secretary, Foreign-Trade Zones Board, Room 21013, U.S. Department of Commerce, 1401 Constitution Avenue, NW, Washington, DC 20230-0002, and in the "Reading Room" section of the FTZ Board's website, which is accessible via www.trade.gov/ftz. For further information, contact Diane Finver at Diane.Finver@trade.gov or (202) 482-1367.
Dated: June 6, 2013

Andrew McGilvray
Executive Secretary